



**STAFF REPORT
ACTION REQUIRED**
With confidential attachment

**Parc Downsview Park - Proposed Agreement on
Assessment Values for Payments in lieu of taxes**

Date:	August 27, 2013
To:	Government Management Committee
From:	Treasurer and City Solicitor
Wards:	Ward 9 – York Centre
Reason for Confidential Information:	This report contains advice or communications that are subject to solicitor-client privilege and pertains to litigation or potential litigation that affects the City
Reference Number:	P:\2013\Internal Services\rev\gm13026rev (AFS18147)

SUMMARY

This report recommends a proposed agreement with Parc Downsview Park Inc. to correct the property assessment values used to calculate payments in lieu of taxes (PILTs) for taxation years 2007 to 2013 for the property located at 1377 Sheppard Avenue West. The recommended agreement reflects the joint efforts of the City, the Municipal Property Assessment Corporation (MPAC) and Downsview Park.

RECOMMENDATIONS

The Treasurer and the City Solicitor recommend that:

1. City Council adopt the recommendations contained in Confidential Attachment 1 to this report.
2. City Council direct that Confidential Attachment 1 including all Appendices remain confidential as it contains advice that is subject to solicitor-client privilege and pertains to litigation. City Council authorize the public release of all or a portion of the confidential instructions once adopted by City Council at the discretion of the City Solicitor.

Financial Impact

The financial impacts resulting from the recommendations made in this report are disclosed in the Confidential Attachment.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information disclosed in the Confidential Attachment.

DECISION HISTORY

At its meeting held on July 6, 7 and 8, 2010 City Council:

- a) authorized City staff to file a request for review to the federal Dispute Advisory Panel of the corporation property values and effective rates used by Parc Downsview Park in calculating its payments in lieu of taxes for the 2008 and 2009 tax years; and,
- b) directed that any change or development in the status of the City's request for review to the federal Dispute Advisory Panel be reported to Council through Government Management Committee.

(re: Government Management Committee GM32.5 "Approval to Initiate and Participate in Assessment Appeals").

To view the Council decision and staff report on line, please follow the hyperlink: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM32.5>

ISSUE BACKGROUND

This matter relates to a proposed agreement between the City of Toronto and Parc Downsview Park Inc. ("Downsview Park") on the assessment values used to calculate payments in lieu of taxes for Downsview Park's corporation property.

Downsview Park is a 544 acre former military site located north of Wilson Avenue and southwest of Sheppard Avenue West and east of Keele Street (municipal address: 1377 Sheppard Avenue West).

Downsview Park is subject to the federal *Payments in lieu of Taxes Act* and the *Crown Corporation Payments Regulation*. For 2008 and 2009, the City requested PILTs using current values and tax classifications returned by MPAC for Downsview Park's main site under roll number 1908 031 580 00160.

The PILTs made by Downsview Park for 2008 and 2009 were much lower than the amounts requested by the City based on the returned assessments for the property. In response, the City requested review hearings before the federal Dispute Advisory Panel of the values and tax rates used by Downsview Park. The Panel is a statutory advisory body that makes non-binding recommendations arising from disputes between municipalities and federal bodies over values and corporation effective rates (i.e. tax rates) used for PILTs. The City's review request for 2008 was made in August 2009 and in June 2010 for the 2009 tax year.

In the fall of 2010 a working group composed of staff from Revenue Services Division, an MPAC assessor, and a tax consultant representing Downsview Park began an extensive exchange of information about the property and a series of meetings. The working group was created based on a shared view among the parties that the dispute was the product of erroneous facts and out of date information that MPAC had used in assessing Downsview Park. Over the next three years, the working group undertook an in depth review of the property. The review focussed on three components: current and former tenants; site and building areas; and future redevelopment plans for the property.

In June 2013, the working group completed its work. The outcome is that MPAC has determined the correct assessment for Downsview Park's property for multiple tax years (not just 2008 and 2009) which the City and Downsview Park support. These corrected assessments result in current values for the Downsview Park's property applicable for three valuation dates: January 1, 2005, January 1, 2008 and January 1, 2012, affecting all taxation years 2007 through 2013 inclusive.

Chart A: Reassessment Cycle

Taxation Year	Valuation Date	
2006, 2007, 2008	January 1, 2005	
2009, 2010, 2011, 2012	January 1, 2008	CVA increases phased-in over 4 years
2013, 2014, 2015, 2016	January 1, 2012	

As a result, City staff and Downsview Park have reached a comprehensive agreement that will determine PILTs for Downsview Park that are acceptable to the Treasurer for tax years 2007 to 2013. The proposed Agreement also deals with unpaid taxes of former tenants of Downsview Park.

Council approval of the proposed Agreement will mean that the City's requests for review to the federal Dispute Advisory Panel will be withdrawn.

COMMENTS

Comments on the proposed Agreement are subject to solicitor-client privilege and are contained in the Confidential Attachment.

CONTACT

Casey Brendon, Director, Revenue Services, (416) 392-8065, cbrendo@toronto.ca
Angus MacKay, Lawyer, Legal Services, (416) 397-4019, amackay2@toronto.ca

SIGNATURE

Giuliana Carbone
Treasurer

Anna Kinastowski
City Solicitor

ATTACHMENT

Confidential Attachment 1